



STATE OF DELAWARE

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October 6, 2014

MEMORANDUM

TO: The Chair and Members of the Commission

FROM: Malika Davis, Public Utility Analyst

SUBJECT: IN THE MATTER OF THE APPLICATION OF NORESCO, LLC FOR A CERTIFICATE TO PROVIDE ELECTRIC SUPPLY SERVICES WITHIN THE STATE OF DELAWARE (FILED JUNE 17, 2014) - PSC DOCKET No. 14-209

Background

On June 17, 2014, NORESCO, LLC (the "Company") filed an application (the "Application") with the Delaware Public Service Commission (the "Commission") for an Electric Supplier Certificate ("ESC") to act as a Broker in the State of Delaware pursuant to §1012 of the Electric Utility Restructuring Act of 1999, 26 *Del. C.* §1001 - §1020 (the "Act") and 26 *Del. Admin. C.* §3001, the Commission's Rules for Certification and Regulation of Electric Suppliers (the "Supplier Rules").¹

The Company has made this Application because it is being assigned the assets, rights and obligations of Dome-Tech, Incorporated (Dome-Tech), which holds an Electric Supplier Certificate in Delaware (PSC Order No. 7980 dated June 7, 2001). Dome-Tech and NORESCO are subsidiaries of United Technologies Corporation. After this internal restructuring is completed, Dome-Tech will be relinquishing its Electric Supplier Certificate.

Application

The filing submitted on June 17, 2014 did not contain all the information that is required per the Supplier Rules. Staff requested the Company file additional documentation in a letter dated July 10, 2014. The letter requested that the Company provide the following information: a) resident agent information as required by Section 2.1.1.2 of the Supplier Rules; b) an affirmative statement that Company will comply with Section 2.1.1.4 of the Supplier Rules; c) a list of states in which the Company is presently operating and has applications pending as required by Section 2.1.1.5.3 of the Supplier Rules; d) a list of states in which the Company or an Affiliated Interest has had its authority revoked as required by Section 2.1.1.5.4 of the Supplier Rules; e) a notarized verification of the Application as required by Section 2.1.1.6 of the Supplier Rules; f) an affirmative statement consenting to the jurisdiction of Delaware Courts as required by Section 2.1.1.7 of the Supplier Rules; and g) a toll-free customer service number as required by Section 2.1.1.8.4 of the Supplier Rules. The required information was received on July 23, 2014.

¹ Unless otherwise noted, all references to capitalized terms are set forth in the Act and/or the Supplier Rules.

Review and Analysis

Authority to do Business in Delaware

The Company is a limited liability corporation formed under the laws of Delaware and has provided proof issued by the Delaware Secretary of State that it is legally authorized and qualified to do business in the State of Delaware. The Company submitted a Certificate of Good Standing issued on November 5, 2013 by the Delaware Secretary of State.

Resident Agent

The Company lists the Corporation Trust Company as its Registered Agent.

Compliance with Regional Requirements

The Company affirms in its Application that it will only present electricity supply contracts to its customers from Marketers/Electric Suppliers who are in compliance with all applicable PJM requirements.

Financial, Operational, Managerial and Technical Ability

The Company provided the consolidated financial statements for the period ending December 31, 2013 for its parent company, United Technologies Corporation as indicia of financial capability under Section 2.1.1.5.1 of the Supplier Rules. The Company included an audit report from Pricewaterhouse Coopers LLP dated April 25, 2014. It is Staff's opinion that these documents show substantial evidence of the Applicant's financial ability to provide services as a Broker in the State of Delaware.

The Company anticipates acting as a Broker serving commercial and industrial customers for the sale or purchase of electricity throughout the State of Delaware. The Company's application states that it is presently licensed in New Hampshire and Texas. Staff has confirmed that the Company is licensed in those states. When the application was initially filed the Company had applications pending in Massachusetts, New Jersey and Pennsylvania. Staff was able to confirm that the Company has since received approval to operate in those states. The application states that the Company has not been denied approval nor had its authority revoked by any state commission.

The Application included a summary of the key operating personnel of the Company. Erik Miller, Program Director for Energy Procurement has been with the Company since 2005. From 1994 to 2005 he was employed as the Manager of Energy Services for PMK Group. The Application states that Mr. Miller has experience in analysis of customers' energy demand, consumption, costs, rates and operating characteristics. Ken Sissingh is listed as the Program Director for Energy Procurement. Mr. Sissingh's experience includes previous employment with energy firms such as Direct Energy, Constellation NewEnergy, and Reliant Energy. The Application states that he has developed a software program to examine energy usage and provide clear insight in areas of consumption where large savings could be realized. The Application also included the work experience of Mr. Shawn Tejani. Mr. Tejani is an energy analyst with the Company and is a Certified Energy Procurement Professional with the Association of Energy Engineers. The Application states that Mr. Tejani has over five years' experience as an energy analyst and has a Bachelor of Science in Industrial Engineering from Rutgers University. Staff also performed an internet review and check of the Company and its key operating personnel. The search did not reveal any issues. It is Staff's opinion that the information provides substantial evidence that the Company has the operational, managerial and technical abilities to provide services as a Broker in the State of Delaware.

Surety Bond

The Company did not post a surety bond because it is a Broker only and there are no service agreements between the Company and any Delaware Electric Distribution Company. The Company will not collect any fees or deposits from any of its customers for any of its brokerage services.

Verification of Application

The Application was verified in a signed, sworn verification by Ms. Deanna Sheridan, Assistant Secretary. The Company provided its Limited Liability Company Agreement showing that Ms. Sheridan has authorization to sign.

Consent to Jurisdiction

The Company consents to the jurisdiction of the Delaware courts.

Contracts

The Company also did not provide any sample contracts for Residential or Small Commercial Customers because it is a Broker only and does not and will not have contracts with Retail Electric Customers to provide Electric Supply Service.

Statement of Criminal Activity

The Company disclosed a 25 year old conviction of one of its Vice Presidents for underage drinking. The application states that Company or any of its principal or corporate officers have not been charged with or convicted of any criminal activity. An internet review of the Company and its principals did not reveal any issues.

Legal Review

On October 6, 2014, following Staff's completed review and analysis of the Application, Staff forwarded its final analysis to the assigned Attorney to confirm that all required documentation requested and received from the Company was in compliance with applicable provisions of Title 26 and the Supplier Rules.

Staff Recommendation

Based on Staff's review and analysis of the Application, the Company has satisfied the requirements of the Act and the Supplier Rules. The Company resolved all outstanding issues with Staff and all documents filed as part of the Application support the Company's request for certification. Staff's review and analysis of the Application submitted by the company demonstrates substantial evidence of capability to render service based on the Company's financial, operational, managerial and technical abilities. Therefore, Staff recommends the Commission approve the Application.